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SESSION OF MAY 19.

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*On the Interest of the United States in the
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MR. S. DANA HORTON.

u Delegate of the United States.

[TRANSLATED FROM THE FRENCH.]

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OF

MR. S. DANA HORTON,

A DELEGATE OF THE UNITED STATES.

[Translated from the French.]

MR. DANA HORTON, Delegate of the United States, desired to present some remarks suggested by the interesting addresses of Mr. Seismit-Doda, Count Rusconi, and Mr. Pirmez.

After explaining that it did not appear to him possible in the present state of the discussion to pass a resolution which should condense in a few words the outcome of the proceedings of the Conference up to this time, he observed that the practical difference between Count Rusconi and himself, with reference to the desirability of endeavouring to induce the Conference to agree upon a definition of money, was of analogous nature to his opposition to the idea which he understood to have been expressed by Mr. Seismit-Doda.

It would perhaps be but frank on his part to avow that his way of looking at these points was not merely individual, but depended, perhaps, upon a difference of race. These distinguished speakers were of the Latin race, while he belonged to the Teutonic race, and he supposed there was something in his blood which made him unwilling to put confidence in definitions.

For himself he confessed that he never found difficulty in consenting, for the moment, to the expression "money is a commodity," if people insisted upon using it, and he thought that he could rebut the conclusions of Mr. Pirmez on that line as well as on another. It was for him a question of style, a difference of words rather than of ideas; he might add that there were similar differences between Mr. Cernuschi and himself. This was very natural; there were various ways of arriving at the same truth and of presenting it to others. But precisely because of these different methods of presenting a subject, it was much better not to confound their methods together.

For example, said Mr. Horton, the honourable Delegate of Belgium has done me the honour to mention one of my writings ("The Position of Law in the Doctrine of Money"), which was presented as an exhibit in

order to avoid the necessity of occupying the time of the Conference in theoretical discussions. Unfortunately it is evident that Mr. Pirmez, although he seems to desire to reply to this paper, has not yet done me the honour of understanding it. If he should conclude to take that trouble, I should request him to take firm hold of the following point. The views which he expresses on the relations between money and law, touch upon a question, as it seems to me, which is very ancient, very difficult, and, in a certain sense, incapable of solution. I allude to the question of volition, of the freedom of the will.

What are motives? What is it that produces a decision? Is it the motive, or is there a will?

Now, gentlemen, among practical men it is, I believe, agreed that freedom of the will exists. It is a fact which the practical man does not deny. But no more does he deny the existence of motives.

Now law is, in a preponderating sense, the will of society. Is there no free will here also? It seems to me that the law acts somewhat as the individual does. But in saying that, I have no idea of saying that there are no motives for the law.

On the other hand, the honourable Delegate of Belgium appears to me to desire to lay the foundation of his theoretical argument against the existence of the will, by citing the existence of motives. Would it not therefore be better to lead him into the domain of practice, by asking him what would be the effect upon the ratio between silver and gold if England and Germany should form a Bimetallic Union with us?

MR. PRESIDENT AND GENTLEMEN,

At one of the preceding Sessions mention was made of the views expressed, outside of the Conference, among the learned men who abound in Paris, concerning the aim and motive of our reunion.

The fact was thus recalled to me that a great deal had been written and said in various quarters, about the United States, and about the reasons which had led my country to interest itself in the Silver question, and that the press had largely reproduced these observations.

I cannot say that it surprises me to observe a certain confusion of ideas with reference to the monetary policy of my country. This is the fourth time that I have come to Europe since my entry, in 1876, into monetary controversy as an apostle or advocate, in my way, of a Bimetallic Monetary Union, and each time I have been able to recognize the same phenomenon; it is all very natural; the New World is a long way off.

But when the great Republic of the New World, by the Conference of 1878, put itself in the chair to teach political economy to the nations of Europe, it caused a peculiar perturbation in the scientific mind. Gentle-

men, it is to furnish information, in order to calm this perturbation that I address you to-day.

You are aware, Gentlemen, that grave works of philosophy, destined to exhaust some great subject, are wont to commence by laying down general principles—in *Allgemeinen*, as our brothers of Germany would say. Following this example, I propose to enter upon our present subject by laying down general principles, and I shall do so by means of a parable, which, at the same time, is a true story.

In the month of October 1868 I was in Switzerland, and as I was reclining on the slope of the mountain that looks down on the famous valley of Lauterbrunnen, opposite the Staubbach, I talked with my guide. Among other things the good man told me that further on, in a certain direction, there were great forests, and in these forests large wolves, and very fierce; that these very fierce wolves were not native to these forests. But, said I, where do they come from, these wolves?

He answered me that *they came from America*.

I was struck dumb. There was nothing to be said. Gentlemen, I admit to you, in all frankness, that the man who said that was perfectly sincere. He had no prejudices: no ulterior purpose to serve. He knew nothing of the Phylloxera—that fearful scourge for which Nature, and not man, in America is responsible. The protectionists of the farming interest had not yet invented the Trichina or the diseases of American cattle as a political instrument. No, on the contrary, the man's geographical and zoological science was the natural product of his naïve and simple intelligence.

Gentlemen, I think we can say as much of monetary science when it speaks, as it speaks sometimes, of the metal silver and of the Americans. For my part, I can only say of these interpreters of monetary science, as I do of my man of Lauterbrunnen, *O sancta simplicitas!* (O holy innocence!)

Gentlemen, among the questions which have been suggested by speakers who have preceded me are the following:—The present circulation of silver coin in the United States; The future production of the silver-mines; The interest of the United States as silver producers; Will silver from American mines be exported to Europe if the Bimetallic Union is formed? The need of enlargement of our present stock of metallic money; The motives which have led the United States to take the initiative in the formation of a Bimetallic Union.

I shall treat of these questions in the same order.

With reference to the circulation of silver in my country, three important points are to be considered:—

1st. We are accustomed to the use of paper; which, however, does not mean that we are not "metallists." We simply allow the precious metals

to act, so to speak, by attorney. They enjoy all the advantages of the rule of law—*Qui facit per alium facit per se*. Formerly we had the system of gold certificates of deposit; now the greenbacks, payable on demand in gold, but never paid, because no one asks for the coin, are themselves, in a manner, gold certificates of deposit. We have also the silver certificates of deposit, which, like the bank-notes of our national banks, circulate on a footing of equality with the greenbacks.

2nd. At the end of 1880, 31 per cent. of our greenbacks and bank-notes were of the denomination of 5 dollars or less, and 81 per cent. were of the denomination of 20 dollars or less, and so below the value of the smallest note (£5) used by the Bank of England.

3rd. The custom of using cheques is, I think, even more developed among us than it is in England, and, in fact, is developed to an extent of which it would be difficult, I think, for one accustomed to the use of cheques on the continent of Europe to form an idea.

In the state of affairs thus indicated there is naturally very little gold and still less silver in actual use. The pockets of the public contain neither the one nor the other in large quantity. As far as silver is concerned, the table given by the Director of the Mint of the circulation of silver dollars (Nov. 1880) indicates that of the seventy-two millions coined, 36 per cent. circulated in specie, 25 per cent. by means of the certificates of deposit, while the rest were in the treasury awaiting distribution. A later statement (30th April, 1881) shows that 50 millions of silver certificates have been issued.

We can now turn our attention for a moment to the fear which has been so often expressed that the mines of Nevada will increase their annual yield of silver. The honourable Delegate of Norway has recalled to us, that in 1878 the American Delegates (it was the honourable Mr. Groesbeck of whom he was speaking) had announced that various silver-mines in Nevada seemed to be nearly exhausted, and that the yield was diminishing. The fact is, Gentlemen, that the figures given by Mr. Burchard, the Director of the Mint, indicate a production estimated for 1878 at 45 million dollars, for 1879 at 40 millions, and for 1880 at 37 millions (I shall present an exhibit which contains the exact figures); so that these views expressed in 1878 seem to be justified.

But, in my view, the question of one or more correct predictions is here a matter of minor importance: I prefer to reply to the points made by the honourable Delegates of Norway and Belgium, with an admission of the probability that the free coinage of silver, the rise of its ratio to gold, will produce the effect of stimulating the production.

But at the same time, Gentlemen, I shall have to enter upon the record a formal protest against a claim which the honourable gentlemen seem to me to present; and that is, that they have, in their argument, the right to the advantages of two contradictory hypotheses at the same time. When an argument has been built upon a legitimate prediction (that is, upon a calculation of probabilities) it will not do to turn right-about, so to speak, and construct an argument on a prediction diametrically contrary to the first. Gentlemen, the clause of "the most favoured nation" regulates our relations, I admit. We have, here at least, all of us—mono-metallists, bi-metallists, two-metallists—free coinage in our arguments, freedom of exchange in our ideas; but that does not imply any rights which are not recognized *jure natura et gentium*.

If the rise of silver and fall of gold, which is to take place when the Bimetallic Union is established, is to bring about an enormous rise of prices (and, if I have rightly understood them, this is the argument of the honourable Delegates), there will be no more profit then than there is now in working silver-mines; the same per cent. will have been added to the cost of producing silver which has been added to the gold-price of silver.

But, Gentlemen, let us accept, if you will, the hypothesis as it has been presented to us; admit for a moment that there will be an increase of 100 million francs in the annual yield of silver. What will be the effect of it? We have in the world, according to Dr. Broch, 16 milliards (francs) of silver money, and there is an enormous mass of uncoined silver beside. Can you see, in an increase of $1\frac{1}{2}$ or 3 or 6 per mille of the entire stock of metal, above the average annual enlargement of it in the past, a fact which contains any menace against the monetary peace of a world which destroys every year, and which has absorbed every year for centuries, such an enormous quantity of the two metals?

As for the interest of the United States as silver-producers, of course there are individuals who have a certain interest in a rise of silver. Any one who desires to take the trouble can calculate what this interest amounts to; and then when he has made the calculation it may be necessary to cross off almost the entire sum, on account of the loss which the gold-mining interest may suffer by reason of the fall of gold or loss of anticipated profit from its appreciation. But I think, Gentlemen, that I have already indicated that it is rather the part of my philosopher of Lauterbrunnen than of a serious man to attribute importance to the silver-producing interest in the United States.

Gentlemen, in our discussions there is question of the exportation of silver from the United States. In saying that rivers never ascend to their

fontain-heads, M. Pirmex has expressed, with his habitual *esprit*, the fear, so generally felt, that American silver is about to inundate Europe.

Now what are the actual facts? How much new silver coming from the mines has been exported to Europe from America in these late years? I cannot give the precise figures—I hope to procure them; but my belief is, that the yield of American mines has had for its market Asia, by way of San Francisco, and the American Mint. But, Gentlemen, the United States produce a great quantity of gold. During the last twenty years they have produced far more gold than silver (rating these metals at $15\frac{1}{2}=1$); and within the same period the United States caused their stock of gold coin to be transported to Europe, in 1862-63, when the paper money was issued. I shall therefore say to M. Pirmex, as I was obliged to say to the Conference of 1878, if you predict for Europe an inundation of silver, why not also an inundation of gold?

A great country which has 32 francs per capita of gold coin and 12 francs per capita of silver coin (small change and dollars taken together), which possesses a vast and yet uncolonized territory—a country whose population increases in enormous proportions—a country which still holds its paper money ready to be retired—can certainly undergo the burden, at least for a series of years, of employing at home all that part of the annual yield of its mines for which Asia, by way of San Francisco, makes no demand.

But I cannot believe that the honourable Delegate of Belgium is really in earnest in this matter.

As a former member of the Conference of 1878, he must know the object of that Conference. That object was the formation of a Bimetallic Union; and every one knew that the only practicable ratio for such a union was that of $15\frac{1}{2}$ to 1; and therefore it was the ratio of $15\frac{1}{2}$ which was to be established in the United States. It is generally known that since then the United States have drawn to themselves a great quantity of gold, and that the larger part of this gold has come from Europe, while the share of new gold from the mines which is kept in the United States is much greater than formerly. Of course this increase of the need of keeping at home the newly produced gold has, in a certain sense, the same effect as an increased employment of gold which is met by bringing in gold from other parts of the world. We have to consider not merely the gold taken directly from Europe, but also the gold which, in what might be called a normal state of affairs, would have been taken to Europe, but which, in fact, is now held back in America.

Now from the beginning, I must confess, I have regarded it as the

probable result of a Bimetallic Union, that the dollars of the Latin Union, the five-franc pieces, would be recoined into American dollars. I remember having said, in the Conference of 1878, that the United States were drawing, and would continue to draw, to themselves a large part of the metallic stock of Europe, and that the question for the Conference was whether they should take silver or gold.

The Delegate of Belgium seems to have been very indifferent to this question. Unfortunately it is a question which does not permit itself to be suppressed.

And it is still on the order of the day. People ask with great interest, how far the metallic stock of the United States is likely to increase.

Gentlemen, I am no prophet: I shall merely try to point out some elements for a calculation of the probabilities in this matter. Our paper money is not yet retired and replaced. To retire it, or to cover it entirely with a metallic reserve, would imply a contraction of the monetary basis of the world's business by perhaps a milliard of francs. Each year we take actual possession of a great extent of land in the deserts of the Far West; and everywhere in this territory there will be a need to use cash. The banking system, the use of cheques, is already developed to a very high degree. I know of no probable change in the direction of increased economy in the use of our stock of money, except, perhaps, the establishment of a national Clearing-house. I conclude, therefore, that, in a normal and prosperous state of affairs, the United States will employ, at least for some years, a constantly increasing stock of the money metals.

Let us ask, then, what would have been the result if the proposition of the United States in 1878 had been accepted, if the coinage of silver had been free in the United States, if the United States had drawn to themselves silver instead of gold—what would have been the effect, I say, upon the state of business in Europe?

We have here a question of the highest importance, concerning which the honourable Delegate of Belgium also shows himself somewhat indifferent.

I remember that, in the Conference of 1878, I found myself forced to reply to remarks made by the honourable Delegates of Sweden and Norway in defence of the gold standard, that the experience of their country favourable to this system by no means settled the question what would be the situation of these countries if the Bank of England should find itself compelled to protect its gold reserve by an extreme elevation of its rate of discount. I remember also that, some weeks after the Conference of 1878, I read in the papers that precisely this event had actually occurred, in con-

sequence of the exportations of gold to New York, and that affairs were taking a bad turn in the Scandinavian countries.

I ask myself whether it is possible that the great Bank of Belgium could be so entirely outside of the current of international business, that it can have been unconscious of the exportation of gold since 1878. I do not believe it, I cannot believe it. Indeed I should be astonished to learn that this great Bank did not suffer considerable embarrassment, and that it did not employ its five-franc pieces with ability, as the astute Bankers of Holland did, in maintaining its gold reserve. In fact I may say that, if I am rightly informed, the silver five-franc pieces have made frequent and long journeys, have been sent about on every hand, have circulated with great rapidity between Belgium and France, at the instigation of those whose interest it was to hold back, to keep within the country, the Belgian stock of gold.

It is therefore a vital question, Gentlemen, what would have been the effect upon the business of Europe, if America in these late years had taken five-franc pieces at a stable permanent rate, a rate guaranteed by the civilized world?

In looking for an answer, Gentlemen, let us place ourselves upon a still higher stand-point: let us ask what would have been the effect if neither Germany nor other countries had suspended the free coinage of silver?

In those questions, I think, will be found one of the most effective ways of getting at the root of the matter, especially as this point of view of the *status quo ante bellum* has hitherto been a little neglected.

Gentlemen, the existence of a money-basis for the business of the world is a fact; it is not an abstraction, it is a reality. At any given time there is just so much money in the world. On this foundation rest all valuations, all systems of credit, all investments, all business, all prices of merchandize and of real property. It is also a fact, Gentlemen, and a fact which must be equally respected, that, under circumstances which we can now regard as normal, this basis increases every year.

Here, then, are the two controlling facts—a certain quantity of money in existence and the need of an annual increase of this quantity.

You may say with Ricardo that if this base were half what it is, if for example, the world were using to-day 17 instead of 34 milliards of coin, money would render the same services to humanity as before. Gentlemen, this is absolutely true. Here, I admit, that the honourable Delegates of Sweden, of Belgium, and of Norway are in the right. But, Gentlemen, this saying of Ricardo's is true in the same sense as it is true that if it

had pleased the destiny which rules these matters to make us all a foot shorter than we are, men would still be men. The thing is conceivable, Gentlemen, but it is not practicable.

So in the same way, if you suppress the intermediate steps and strike directly for the result, you can say "I find no inconvenience in a fall of prices. Indeed it would be very convenient, metallic money is so heavy, we have to use such large figures in money calculations. All that ought to be changed."

But, Gentlemen, it is not the result, it is the means of arriving at it that is important. Of course I can say, if I wish to, that I should be perfectly content if I were to lose a foot of my height. But how are you to arrive at a height of 5 instead of 6 feet? Here is the question, here the difficulty, which the honourable Delegates of Belgium, Norway, and Sweden seem rather to evade.

The world of business, the world of men of enterprise, the world in the midst of which men of force and of capacity act, is an organism; and the motive which urges these men to the production of wealth is the hope of receiving a little more than they give; it is the difference between the cost of production and the price at which sale is made afterwards which makes the organism move. When all the prices at which sales are made are falling, when the force of gravitation which rules the world slackens, there is less movement, there is less production, less consumption, less success in business; there is embarrassment, there is a prolonged crisis, or what we call in English, hard times. When prices rise, on the contrary, there is always an encouragement to production.

To sum up the matter, Gentlemen, I hope that all will admit that the great problem of monetary legislation is, and always will be, to maintain the stability of the international and national purchasing power of money. Here is the ideal—stability. Now the organism of business is such, that when money rises in value there is a tendency on the part of the man of enterprise to cease to create wealth; while when money is falling in value there is a strong tendency to induce him to increase his production of wealth. *Prima facie* then, Gentlemen, if it be absolutely necessary to choose between a fall or a rise in the value of money, we should choose the fall. If it be absolutely necessary to choose between a partial exhaustion of the mines and an increase in the annual yield of the mines, we must choose the latter.

Such, at least, are the conclusions at which I arrived five years ago, when I entered into monetary discussion. I have never had the honour since then of hearing any arguments which directly replied to the question

as it then stood. I shall therefore beg my honourable colleagues of Belgium, of Sweden, and of Norway to consider whether I am not right, *prima facie*, as the question now stands, and whether the *onus probandi* does not rest upon their shoulders.

Now, Gentlemen, the issue of paper money by the United States in 1862-3-4 and the issue of paper money in Italy in 1866 had the effect of reinforcing the movement towards that more than normal enlargement of the money-basis of the world's business which took its rise in the mints of California and of Australia.

Already, after 1870, this movement was checked, the production of gold was diminishing, when a contraction of the money-basis was commenced in a different way. The various measures adopted in different countries with reference to silver coin and bullion had the effect of sending a certain amount of silver to countries where the circulation is slow, of keeping a certain amount of silver in the condition of bullion, of embarrassing the circulation of silver coin—that is to say, of preventing existing silver coins from performing their duties as money in the regular way. The effect of the monetary policy of the Western World was therefore to contract the money-basis up to a certain point. But this effect was produced just at a period when, from my point of view, the enlargement of the money-basis through the paper money of the United States and of Italy had ceased to be operative, and when the annual production of the two metals did not, in all probability, exceed the normal need for the annual enlargement of the money-basis. It was just then that this attack was made upon the metallic stock of the world.

Prima facie then, Gentlemen, the persecution of silver had a great deal to do with the prolonged "hard times" which have followed 1873.

If answers could be made to the question which I have addressed to the delegates of the Conference with reference to averages of price, it would probably be found that the purchasing power of money has increased. But, Gentlemen, with this you will not have taken account of all the loss. You will have calculated, so to speak, the *damnum emergens*, the actual loss, but will not have taken account of the *lucrum cessans*, the loss of profit, which might otherwise have been gained.

You observe, Gentlemen, that I do not speak of the damage suffered by commerce (between silver countries and gold countries) between Europe, Asia, and South America. This point has already been fully discussed before the Conference. I ask you therefore, for the moment, to eliminate this point from our consideration, as far as this can be done. It is of the production and of the investments of Europe that I speak. If it be desired

to consider the question as it appeared in England to English scientific men, I shall have the honour of presenting you with some investigations into the fall of prices in England as an exhibit to the Journal. (Extracts from Writings of Prof. J. Thorold Rogers and of Mr. Robert Giffen on the Rise in the Value of Gold in England, see page 17.)

Gentlemen, I hope no one will suppose that by what I have said I mean that the free coinage of silver in the Western World would have prevented the crisis of 1873. This is in no sense my meaning. I merely say that *prima facie*, looking to the facts as they stand, the crisis would not have lasted so long, would not have been so intense, if the free coinage of silver had never been interrupted. It is no answer to reasoning of this sort to speak of the special events of the crisis of 1873 (of the Franco-German war-fine), of speculations here and there, of railroads in America, and of stock companies in Germany: these are waves, Gentlemen, very high waves, very disastrous waves: I recognize the fact; but what I am talking of is the existence of a tide.

Well, Gentlemen, the tide is threatening us still. But it is the same tide which was threatening the world three years ago when the United States convened the Conference of 1873. It was then the duty of my country to contract the world's money-basis by accumulating a stock for the restoration of payments in coin. What part of the 2 milliards of gold, which constitute our total stock, must we attribute to the monetary policy which aims at the retirement of the greenbacks? This is a question into which I have not time to enter. It is a branch of the matter at issue between M. Pirmez and myself concerning the influence of monetary legislation upon the employment of different kinds of money. But I cannot suppose that M. Pirmez would maintain that had the paper-money party in the United States succeeded in defeating the measure for Resumption of Specie Payments, we should have had by this time the same stock of gold we have now. In any case it will be necessary to ascribe to our monetary legislation the presence in the United States of a large sum of gold, the dividing up of which, at the present time, among European banks would, I think, produce a very agreeable effect in Europe.

Gentlemen, I do not believe that this second arbitrary and artificial contraction of the world's money-basis has had a good effect upon Europe. I may add that, in my belief, it is not merely an occasional rise of the rate of discount in Europe which indicates either the *lucrum cessans* or the *damnum emergens* of monetary policy; it is the direction taken by capital.

Now, as we have already seen, this diminution, this contraction of the money-basis never would have taken place if Europe had accepted the

Bimetallie Union proposed by the United States in 1878: inasmuch as the restoration of free coinage of silver would have set free an amount of metallic circulation sufficient to supply the demand of the United States. Is there to be a third contraction? is the ebbing tide to land Europe on the breakers which are ahead, but which may be covered by safe waters if the Bimetallie Union be formed? This Conference will, in the end, decide this question.

Meanwhile I ask you to think of a further contraction of the money-basis which is possible. The silver money of Europe, Gentlemen, if it were sold in India! the 5-franc pieces, the thalers! There you have a terrible contraction, the result of the propaganda for the Gold Standard, against which, in 1878, the voice of England pronounced itself so clearly by the speeches of Mr. Goschen. I must confess it seems to me that, even in 1878, to oppose the propositions of the United States was like dancing upon a volcano.

What were the motives, Gentlemen, which led the United States to take the initiative, in order to replace the monetary *dead-lock* inaugurated by Germany (imitating England), by a new balance of power in the Western World?

I reply that, in the first place, the degradation of silver in the Western World acted, so to speak, as a conspiracy against us, the object of which was to prevent us from putting an end to the paper-money regime to which the civil war had subjected us.

I do not say that any one was conscious of being such a conspirator; I merely say that if any one had desired to prevent the restoration of specie payments by a nation which had enormous debts and an inexportable and depreciated money, he who should prevent silver from remaining an international money, he who should bring it about that the money-basis of the world should be contracted, would have made a great step towards his aim.

The blanket, Gentlemen (to recur to the figure used by the great German statesman), would have been made narrower artificially, and there would have been no place under it for the United States. Convinced myself, five years ago, that the United States would, in any case, have the power to procure all the gold for which it would have need, I was persuaded that to contract by force, and by a considerable quantity, the money-basis of the world's business was a dangerous, perhaps even a disastrous course.

To conclude, Gentlemen: our paper money, as you know, is not yet retired; our country, like the rest of the world, has suffered much; we have more than two milliards of gold, notwithstanding the non-retirement of the paper money; and we are in a much stronger position than that which we occupied in 1876, when the discussion of the silver question

began, and also stronger than that which we occupied at the date of the Conference convoked by the United States alone. But, Gentlemen, we are still here as the representatives of a government which invites the Western World to form a monetary union, in spite of the fact that this monetary union imposes upon us the condition of replacing a part of our gold stock with silver dollars coined out of melted European coin.

Gentlemen, we are very selfish in making this invitation. We still think that it is not desirable that the money-basis of the world's business should be artificially contracted, that the normal enlargement of this basis should be artificially prevented; and we think that the lack of a *modus vivendi* between gold and silver, concerning which so many able addresses have already been made before you, is injurious to commerce and to international investment, and hence to the world's prosperity. We do not wish to suffer ourselves through contraction and through the absence of a stable par between gold and silver; but we still think that other countries have an interest in this monetary union at least equal to ours: indeed, we have a certain confidence that, in any case, we shall not suffer as much as the rest of the world.

It is our interest that other countries should be put in condition to do as we are doing, to put an end to the regime of paper, which is an unstable, inexportable money; and it is our interest that each specie-paying country here represented should procure, as the basis of its business, what it has not now, an international money, money of silver and gold, the most stable money of which history furnishes us an example. We believe that, if it could be done without too great a contraction of the money-basis of the world, without provoking serious disturbances in the economic world, the restoration of specie payments in Italy, in Austria-Hungary, in Russia, or the maintenance of their paper money at par, would be a benefit for all countries which have relations with these powers; and we believe that the formation of a Bimetallie Union will advance the possibility of such progress.

In a word, it is our interest that the whole world should be prosperous.

You see, Gentlemen, that a common-place of political economy is thus become the creed of a nation.

You see also that we have attained the *ne plus ultra* of selfishness. Our selfishness has continental dimensions; it extends from China to Russia, by the way of San Francisco and New York. In the words of the psalmist:—Its line is gone out through all the earth; it is like the sun: its circuit is unto the ends of the heaven; and there is nothing hid from the heat thereof. For myself I avow to you I am so selfish that when I think of what the formation of a Bimetallie Union may do for the progress

of civilization, I am really pained at hearing discredit thrown upon the interest, the right to be heard in this matter, of paper-money countries like Italy and Austria.

But I can cite to you other instances of American selfishness. In 1776, for the colonists rebelling against the tyranny of George III., nothing was more important than to have it known why they rebelled; so likewise, Gentlemen, Lincoln's proclamation freeing the slaves in 1862 was expedient as a means of giving new strength to the nation in its conflict with the rebels.

Here, therefore, you have before you two measures plainly of a nature to serve private selfish American interests, the Declaration of Independence and the Abolition of Slavery. Well, Gentlemen, the Bimetallie Union belongs to the same family.

Do you suppose that the declaration of Jefferson and the proclamation of Lincoln would have been crowned with the same success had they meant nothing for humanity? No, Gentlemen, you do not believe that; and it is in the fact which you thus recognize that you have a guarantee that the United States will not remain content without continuing their efforts to realize this union. As I have said to you, we are in a position to wait. Three years ago we offered monetary peace to the great powers of the world; so at least, as one of the envoys who crossed the Atlantic to bring you our proposition, I myself interpreted it. The Great Powers preferred war; and they have had war. It is in the thoughtful and earnest utterances of M. De Normandie, in Sir Louis Mallet's noble address, in the magnanimous declaration of the German Empire, that we can recognize the melancholy truth.

For the United States, Gentlemen, Christendom to-day, in this matter of the conflict of monetary systems, are, so to speak, in a leonine partnership (*société lionine*), in which destiny has assigned to them the part of lions. If ever a people had the right to use that bitter irony, it is we, who can say *Beat possidentes*, blessed are they that possess. The spoiled child of Providence, owner of a continent replete with wealth, inheritor of civil order, of liberty, of peace, if we desired to indulge ourselves in a selfishness that should be narrow and blind, we have now the opportunity. But we do not say those cruel words. If I must seek a formula, similar in form to that which we thus renounce, you will pardon me if I claim the right rather to say, as I had once occasion to say three years ago, *Benedictus qui venit in nomine veritatis*, Blessed is he that cometh in the name of truth.

THE RISE OF THE VALUE OF GOLD IN ENGLAND.

THE exhibit mentioned in the text (page 13) embodies extracts from an article by Prof. J. Thorold Rogers, upon the "Causes of Commercial Depression," in the 'Princeton Review' for January 1879; and from an article of Robert Giffen, Esq., on "The Fall of Prices of Commodities in recent years," in the 'Journal of the London Statistical Society' for March 1879.

These extracts were first reprinted as a part of Mr. Horton's "Material for the Study of Monetary Policy," in the Document of the Monetary Conference of 1878. His preface is as follows:—

"The following important papers, written without view to any question of monetary controversy, may be advantageously compared with the statements made by the American Delegates in the Conference of the motives which have guided the monetary policy of the United States. If the conclusions of the first of the following papers are correct, the anti-Silver policy lately pursued on the Continent has wrought very appreciable havoc in English investments during the last five years. If the conclusions of the second paper are correct the value of Gold has increased in England more than twenty per cent. in this period, and a considerable portion of this rise is due to the Continental movement to adopt the English (Gold) Standard of Money.

"The picture suggested by these statements concerning the late experience of England is a very sad one.

"The words, a 'Rise in the value of Gold,' make a short and simple phrase, but the event they portray is a national calamity—it means an infinite variety, an overwhelming mass of human sorrow.

"If it were possible for men with malice aforethought to conceive, and of their own power to execute a scheme, which should produce the results set forth in these papers, a new and colossal crime would have been added to the evil possibilities of human nature.

"Fortunately this is not the case. The results attained are merely chargeable to legislation forced upon statute-books by a well-meaning doctrinaire agitation in favour of the Gold Standard. It is perhaps the

first time in the history of the world that science has become politics on so grand a scale, and yet of course the intentions of science were good.

"The results thus portrayed, however, the cause thus ascertained, inevitably suggest the query: Whether the prestige of sound learning will not suffer by this defeat of its representatives?

"However civilized the age may be, it certainly will not be safe for many centuries to come, to obliterate the barriers between learning and ignorance, the chimeras of socialism will sufficiently ravage our century at any rate; and the science of legislation cannot well afford to weaken itself for the struggle with them; and therefore, when a blunder of proportions so colossal has been made upon the advice of the accredited representatives of science, it is the vital interest of human progress that the error be repaired without delay. The palladium of Civil Prudence must be gently, and with consideration, but, if possible, speedily wrested from the hands of its unskilful bearers.

"But such a reversal of policy, such a recognition of error, implies in the former Champions of Gold-Monometallism a manliness of sacrifice which naturally requires time to perfect itself; but which, if it comes, will be a moral as well as an intellectual victory for science. And this necessary sacrifice must not be too long deferred. Else the popular sneers against science will be kept in countenance by the demoralizing spectacle of the *doctrinaire* monetary politician, reduced *ad absurdum*, fighting against truth to save his consistency: ready to sacrifice the prosperity of his people to his predilection for a Coin, and willing to break down the landmarks of property in pursuit of a metric system which inevitably evades his grasp.

"The date of the appearance of the following papers is itself suggestive of the difficulties to be overcome.

"In the outset of the discussion of the general policy of European Demonetization in 1876 the view was forcibly presented in the United States that *à priori* it was probable that a general rise of the value of Gold in Europe was already in progress, and that all known facts concerning prices pointed in the same direction.

"This view became, in fact, a controlling ground of conviction of the necessity of Bi-metallie Union.

"The objection to contracting the Money of the world has had more effect in strengthening the policy of the United States than the parallel motive given by the necessity of the steady par of exchange between Silver and Gold countries, the loss of which has borne more disastrously upon other countries than upon the United States.

"On the other side of the Atlantic, however, this inherent probability of a rise in the value of Gold has been, to a great degree, ignored, and indeed an effort has been made in tone-giving circles * to counteract the presumption that contraction of Metallic circulation (by reduction of Silver to bullion, checking coinage of bullion, and making existing Silver Coin inexportable) would naturally produce contraction of prices and a crisis.

"The argument made use of consisted in this fact, that prices had been rising since, and by reason of, the Gold discoveries and their flood of metal, as well as that in late centuries prices had been rising as a rule, and it was assumed that this process was still going on, that the supply and demand were the same after 1872 that they had been before.

"It was therefore not difficult to dispose of this argument effectually by pointing to the probability that in these times of completed means of intercommunication an inundation from the mines, in its influence on prices, spent itself speedily; and that what little rise of Gold prices was noted after 1861 was attributable not to a redundant production of the mines, but to the displacement of specie by paper in the United States and in Italy (1861-66).

"The original presumption, therefore, the plain proposition, which was one of the foundations upon which the policy of the United States was based, remained in force. Nevertheless it failed to receive corresponding recognition at the hands of European Governments.

"The argument with which the Gold Standard agitation set out, viz. that Gold was steady in value, has now suffered decapitation—that is, if the facts set forth by Mr. Giffen are correct; and the close application of ideas drawn from the Metric System to a "Measure" which contracts itself more than twenty per cent. before one's eyes, is showing itself to the public in all its native simplicity.

"After all these years, therefore, the scientific Bi-metallist is at length, in legal parlance, in position to file his *bill of interpleader*, and ask that the two wings of the army of the Gold Standard be compelled to make good against each other their opposing claims to the possession of monetary truth, while the Bi-metallist assumes the part of a spectator.

"It is now in order that the Teutonic or Latin persecutor of Silver, the Continental monetary reformer, who, in the effort to substitute Gold for

* See Erwin Nasse, '*Der Bimetallismus und die Währungsfrage in den Vereinigten Staaten*,' 1878; Prof. W. S. Jevons's '*Paper on the Silver Question, before the American Social Science Association*,' 1877, cited also in Horton's '*Monetary Situation*,' 1878.

Silver, has brought the world of production and of exchange to its present condition, shall ascertain from the Anglo-Saxon's insular, but thorough experiment, whether, in these late years, the yellow metal, Gold, which the Anglo-Saxon possesses in fuller measure than his Continental brother, has actually maintained itself as a rightful member of the Metric System, steady in value, unshakable in its purchasing power.

"The litigation of this subject will probably assist in bringing into clear light the services rendered by the exclusion of Silver from Coinage and Legal Tender, not only to mankind but to England."

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